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By: **Delegate Proctor**

Introduced and read first time: February 27, 2003

Assigned to: Rules and Executive Nominations

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A BILL ENTITLED

1 AN ACT concerning

2 **Property Tax - Constant Yield Tax Rate**

3 FOR the purpose of requiring that the Department of Assessments and Taxation  
4 adjust certain property tax revenue for constant dollars for purposes of  
5 determining a constant yield tax rate; providing a formula to adjust an amount  
6 for constant dollars; and generally relating to determination of a constant yield  
7 tax rate.

8 BY repealing and reenacting, with amendments,  
9 Article - Tax - Property  
10 Section 2-205(c)  
11 Annotated Code of Maryland  
12 (2001 Replacement Volume and 2002 Supplement)

13 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF  
14 MARYLAND, That the Laws of Maryland read as follows:

15 **Article - Tax - Property**

16 2-205.

17 (c) (1) The Department shall notify each taxing authority of the constant  
18 yield tax rate that will provide the same property tax revenue, ADJUSTED FOR  
19 CONSTANT DOLLARS UNDER PARAGRAPH (4) OF THIS SUBSECTION, that is provided  
20 by the real property tax rate that is in effect for the current taxable year.

21 (2) In calculating a constant yield tax rate for a taxable year, the  
22 Department shall use an estimate of the total assessment of all real property for the  
23 next taxable year exclusive of real property that appears for the 1st time on the  
24 assessment records.

25 (3) On or before May 1 of each year, the Department may amend a  
26 constant yield tax rate but only:

27 (i) when directed to make a change by an enactment of the General  
28 Assembly; or

1 (ii) to correct an error in the calculation of the constant yield tax  
2 rate.

3 (4) FOR PURPOSES OF THIS SUBSECTION, AN AMOUNT SHALL BE  
4 ADJUSTED FOR CONSTANT DOLLARS BY MULTIPLYING THE ESTIMATED PROPERTY  
5 TAX REVENUE FOR A CURRENT TAXABLE YEAR TIMES THE COST-OF-LIVING  
6 ADJUSTMENT UNDER § 1(F)(3) OF THE INTERNAL REVENUE CODE FOR THE  
7 CALENDAR YEAR IN WHICH A TAXABLE YEAR BEGINS, AS DETERMINED BY THE  
8 COMPTROLLER BY SUBSTITUTING "CALENDAR YEAR 2002" FOR "CALENDAR YEAR 1992"  
9 IN § 1(F)(3)(B) OF THE INTERNAL REVENUE CODE.

10 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
11 October 1, 2003.